



**REGULAR CITY COUNCIL MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
FEBRUARY 23, 2016
7:00 PM**

INTRODUCTORY PROCEEDINGS

Call to order

Open forum (15 minutes maximum)

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

Pledge of Allegiance

Approval of the minutes of the (1) Special Concurrent City Council, HRA and Planning Commission Worksession of February 9, 2016; (2) Regular City Council Meeting of February 9, 2016; and (3) Special City Council Worksession of February 11, 2016.

PRESENTATIONS

1. Presentation of the Officer of the Year 2015 Award to Richfield Police Officer David Mast.
2. Update regarding Penn Central presented by David Gepner.

COUNCIL DISCUSSION

3. Hats Off to Hometown Hits

AGENDA APPROVAL

4. Approval of the agenda.
5. **Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consideration of the approval of the second reading of amendments to the City's Zoning Ordinance and a resolution authorizing summary publication of said ordinance. The proposed ordinance would update day care facility allowances in all residential districts, such that Richfield's regulations are in agreement with those of the State.

Staff Report No. 29
 - B. Consideration of the approval of the second reading of an ordinance authorizing the conveyance of property owned by the City of Richfield to the Richfield Housing and Redevelopment Authority.

Staff Report No. 30

6. Consideration of items, if any, removed from Consent Calendar

PUBLIC HEARINGS

7. Public hearing and consideration of a resolution specifying the use of funds from the Community Development Block Grant allocation for 2016 and authorizing execution of a Subrecipient Agreement with Hennepin County and any required third party agreements.

Staff Report No. 31

OTHER BUSINESS

8. Consideration of authorizing capital improvements to the municipal liquor store located at 6600 Cedar Avenue South.

Staff Report No. 32

CITY MANAGER'S REPORT

9. City Manager's Report

CLAIMS AND PAYROLLS

10. Claims and payrolls (includes Mayor's request for flight reimbursement to China)

Open forum (15 minutes maximum)

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

11. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.

CITY COUNCIL MINUTES

Richfield, Minnesota



Special Concurrent City Council, Housing and Redevelopment Authority, and Planning Commission Worksession

February 9, 2016

CALL TO ORDER

The concurrent worksession was called to order by Mayor Goettel at 6:15 p.m. in the Bartholomew Room.

Council Members Present: Debbie Goettel, Mayor; Pat Elliott; Edwina Garcia; Tom Fitzhenry and Michael Howard.

HRA Members Present: Mary Supple, Chair; Pat Elliott, and Debbie Goettel.

HRA Members Absent: David Gepner and Doris Rubenstein.

Planning Commission Members Present: Rick Jabs, Chair; Sean Hayford Oleary; Susan Rosenberg; Daniel Kitzberger; and Erin Vrieze Daniels.

Planning Commission Members Absent: Charles Standfuss and Gordon Vizecky.

Staff Present: Steven L. Devich, City Manager/Executive Director; John Stark, Community Development Director; and Cheryl Krumholz, Executive Coordinator.

Item #1	DISCUSSION REGARDING A CEDAR POINT UPDATE AND A NEW DEVELOPMENT PROPOSAL (COUNCIL MEMO NO. 11/HRA MEMO NO. 5)
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Community Development Director Stark explained that a portion of the Cedar Point retail development was sold by Ryan Companies to Hempl Companies.

Ben Krsnak, Hempl Companies, discussed future plans for the existing center and the vacant parcels.

Duane Helm, Mt. Calvary Church representative, expressed the church's desire to be included in development discussions.

Community Development Director Stark explained the process moving forward.

Lonnie Provencher, Interstate Partners, presented their proposal for a new retail building at the southwest corner of the roundabout at 66th Street and Richfield Parkway, including the purchase of HRA-owned properties in the development area.

There was discussion regarding neighborhood concerns related to the drive-through for the proposed fast, casual restaurant on the east end of the development. Concerns included lighting, odors, traffic flow and hours of operation.

Community Development Director Stark stated that all the key issues and challenges raised this evening have been discussed on the staff level.

The concurrent worksession was adjourned by unanimous consent at 6:55 p.m.

Date Approved: February 23, 2016.

Debbie Goettel
Mayor

Cheryl Krumholz
Executive Coordinator

Steven L. Devich
City Manager



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

Regular Meeting

February 9, 2016

CALL TO ORDER

The meeting was called to order by Mayor Goettel at 7:01 p.m. in the Council Chambers.

Council Members Present:

Debbie Goettel, Mayor; Pat Elliott; Edwina Garcia; Michael Howard; and Tom Fitzhenry.

Staff Present:

Steven L. Devich, City Manager; Kristin Asher, Public Works Director; John Stark, Community Development Director; Mary Tietjen, City Attorney; and Cheryl Krumholz, Executive Coordinator.

OPEN FORUM

Mary Barnes, 7544 Bryant Avenue, announced the Richfield VFW elementary school spring coloring contest with the theme of POW-MIA.

Susan Rosenberg, 6633 Thomas Avenue, requested the City Council reconsider and open discussion regarding the ordinance regulating signs, especially sandwich board signs for non-profit organizations.

Community Development Director Stark stated the evaluation of sandwich board signs is a 2016 goal.

PLEDGE OF ALLEGIANCE

Mayor Goettel led the audience in the Pledge of Allegiance.

APPROVAL OF MINUTES

M/Fitzhenry, S/Elliott to approve the minutes of the (1) Special City Council Meeting of January 25, 2016; (2) Special City Council Worksession of January 26, 2016; (3) Special Concurrent City Council, HRA and Planning Commission Worksession of January 26, 2016; and (4) Regular City Council Meeting of January 26, 2016.

Motion carried 5-0.

Item #1

COUNCIL DISCUSSION

- Hats Off to Hometown Hits

Council Member Howard discussed the recent Star Tribune article regarding the selection of the Richfield High School Fire and Ice Homecoming King.

Council Member Fitzhenry provided an update on the airport noise modeling he discussed at the previous City Council Meeting. He also discussed the Civil Service Commission.

Council Member Garcia announced the April 29, 2016 Friends of Wood Lake annual dinner with the topic of Monarch Butterflies.

Council Member Elliott discussed the recent Star Tribune article regarding the demise of hockey in Richfield. He also discussed the removal of the 18 homes along 66th Street in west Richfield and that he continues to believe it is still overbuilding but that he does see the future vision of a broad parkway.

Mayor Goettel discussed the following meetings she has attended:

- Richfield School Assistant Superintendent and Director of Technology regarding closing the technological gap with students and parents and fundraising for a 3D printer
- Secretary of Labor Tom Perez and other officials regarding family leave
- Secretary of HUD Julian Castro regarding moving through the process of the legal complaint against the Met Council and the MN Housing Finance Agency.

Item #2	COUNCIL APPROVAL OF AGENDA
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M/Fitzhenry, S/Howard to approve the agenda.

Motion carried 5-0.

Item #3	CONSENT CALENDAR
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- A. Consideration of the approval of a resolution supporting dedicated state funding for city streets. S.R. No. 25

RESOLUTION NO. 11180

RESOLUTION SUPPORTING DEDICATED STATE FUNDING FOR CITY STREETS

This resolution appears as Resolution No. 11180.

- A. Consideration of the approval of the first reading of amendments to the City's Zoning Ordinance. The proposed ordinance would update day care facility allowances in all residential districts, such that Richfield's regulations are in agreement with those of the State. S.R. No. 26
- B. Consideration of the approval of a resolution granting a conditional use permit to reconstruct and expand a legally nonconforming accessory structure at Mother Duck Learning Center (6341 Penn Avenue). S.R. No. 27

RESOLUTION NO. 11181

RESOLUTION GRANTING APPROVAL OF A CONDITIONAL USE PERMIT FOR THE EXPANSION OF A NONCONFORMING BUILDING AT 6341 PENN AVENUE

This resolution appears as Resolution No. 11181.

- C. Consideration of the approval of a first reading of an ordinance authorizing the conveyance of property owned by the City of Richfield to the Richfield Housing and Redevelopment Authority. S.R. No. 28

M/Goettel, S/Garcia to approve the Consent Calendar.

Motion carried 5-0.

Item #4	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None.

Item #5	CITY MANAGER'S REPORT
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City Manager Devich reported on the following:

- Meeting with the local legislators on February 11, 2016 regarding 2016 Legislative Positions.
- Upcoming meeting requested by the Metropolitan Council with the three City Managers (Brooklyn Park, Brooklyn Center and Richfield) and Myron Orfield regarding the legal complaint against the Met Council and the MN Housing Finance Agency.

Item #6	CLAIMS AND PAYROLLS
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M/Fitzhenry, S/Howard that the following claims and payrolls be approved:

U.S. Bank		02/09/16
A/P Checks: 247344-247655	\$	1,568,798.45
Payroll: 116416-116739	\$	642,808.09
TOTAL	\$	2,211,606.54

Motion carried 5-0.

OPEN FORUM

None.

Item #7	ADJOURNMENT
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The City Council Meeting was adjourned by unanimous consent at 7:32 p.m.

Date Approved: February 23, 2016

Debbie Goettel
Mayor

Cheryl Krumholz
Executive Coordinator

Steven L. Devich
City Manager



CITY COUNCIL MINUTES

Richfield, Minnesota

Special City Council Worksession

February 11, 2016

CALL TO ORDER

The meeting was called to order by Mayor Goettel at 7:45 a.m. in the Heredia Room.

ROLL CALL

Council Members Present: Debbie Goettel, Mayor, Michael Howard, Pat Elliott; and Tom Fitzhenry.

Council Member Absent: Edwina Garcia.

Staff Present: Steven L. Devich, City Manager; Kristin Asher, Public Works Director; John Stark, Community Development Director; Jay Henthorne, Public Safety Director; Jim Topitzhofer, Recreation Services Director; Wayne Kewitsch, Fire Services Director; Chris Regis, Finance Manager; Pam Dmytrenko, Assistant City Manager/HR Manager; and Cheryl Krumholz, Executive Coordinator.

Others Present: Senator Melissa Halvorson-Wiklund; Representative Linda Slocum; Representative Jean Wagenius; and Metropolitan Council Representative Steve Elkins.

Item # 1

DISCUSSION WITH LEGISLATORS

The City Council and City staff met with the local Legislators to discuss items of mutual interest to the City of Richfield.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 9:00 a.m.

Date Approved: February 23, 2016

Debbie Goettel
Mayor

Cheryl Krumholz
Executive Coordinator

Steven L. Devich
City Manager



STAFF REPORT NO. 29
CITY COUNCIL MEETING
2/23/2016

REPORT PREPARED BY: Melissa Poehlman, City Planner

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
2/17/2016

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich
2/17/2016

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of the second reading of amendments to the City's Zoning Ordinance and a resolution authorizing summary publication of said ordinance. The proposed ordinance would update day care facility allowances in all residential districts, such that Richfield's regulations are in agreement with those of the State.

EXECUTIVE SUMMARY:

State law requires that cities allow certain types of day care facilities as "permitted" uses in residential districts. In 2015, City staff discovered that current Richfield regulations related to day care facilities conflict with State regulations. Specific issues and proposed changes to the Ordinance are as follows:

- Incorrect definition of "group family day care."
 - Proposal: Remove definition; distinction is not important at a local, non-licensing level.
- Incorrect capacity limitations.
 - Proposal: Correct upper threshold limit and remove distinctions related to particular types of licenses.
- Caregiver requirements when more than 12 children are present.
 - Proposal: State regulations require an additional caregiver when more than 12 children are present. An allowance for one nonresident employee has been added so as to not conflict with the City's general home occupation regulations.

RECOMMENDED ACTION:

By Motion:

1. Approve the second reading of an Ordinance amending day care facility regulations in all residential districts; and
2. Approve the Resolution authorizing summary publication of an ordinance amending day care facility regulations in all residential districts.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

N/A

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

City staff continually monitor and note areas of the Zoning Code that may require review or updating.

The following is a more thorough discussion of the proposed revisions and corrections to the day care facility regulations.

- Definition of "group family day care."
 - Richfield's Ordinance states that "group family day care" differs from "family day care" only in that in the former, the children of the caregiver are included in the total number of children allowed.
 - Under State rules, "group family day care" and "family day care" are two separate categories of licensure. Children of a caregiver are included in licensed capacity limitations when present in either case. At a State level, the difference is in the overall allowable capacity, which is 10 children under a "family day care" license and 14 children under a "group family day care" license.
 - State law requires that both "family" and "group family" day care facilities be classified as "permitted" uses in residential districts. The difference between the two is not important at a local level, therefore staff proposes to remove all references to "group family day care."
- Capacity allowances.
 - As mentioned above, the type of license issued determines allowable capacity. Given that both types of day care are required to be permitted uses in the residential districts, distinctions within the Richfield Code are unnecessary, confusing, and currently incorrect. The proposed Ordinance is simplified to allow State-licensed day facilities serving 14 or fewer children, the upper limit allowed by the State. Enforcement of specific license requirements should be handled by the licensing body, not the City.
- Caregiver requirements.
 - State licensing requires an additional caregiver when more than 12 children are present at a day care facility. Richfield currently allows one nonresident employee, but only through the issuance of a conditional use permit. Staff proposes an exemption from the conditional use permit process for day care facilities in order to remove the conflict with State requirements.

Summary Publication: In instances where the full text of an amendment is cumbersome and the expense of publication of the full text is not justified, the City is permitted to publish a summary of the approved text.

C. CRITICAL TIMING ISSUES:

None.

D. FINANCIAL IMPACT:

None

E. LEGAL CONSIDERATION:

- A public hearing was held before the Planning Commission on January 25, 2016.
- Notice of the public hearing was published in the Sun Current newspaper in accordance with State and Local requirements. No members of the public spoke.
- The Planning Commission recommended approval of the proposed amendment (7-0).
- A first reading of the attached ordinance was approved by the Council on February 9, 2016.

ALTERNATIVE RECOMMENDATION(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

ATTACHMENTS:

Description	Type
□ Ordinance	Ordinance
□ Resolution - Summary Publication	Resolution Letter

BILL NO. _____

**AN ORDINANCE AMENDING THE RICHFIELD CITY CODE TO
UPDATE DAY CARE REGULATIONS**

THE CITY OF RICHFIELD DOES ORDAIN:

- Section 1 Subsection 507.07, Subdivision 30 of the Richfield City Code defining “group family day care” is repealed.
- Subd. 30.** ~~“Day care, group family.” Day care that includes the children of the caregiver.~~
- Section 2 Subsection 514.03, Subdivision 3 of the Richfield City Code relating to allowable permitted uses in the Single-Family Residential (R) District is amended to read as follows:
- Subd. 3.** ~~State-licensed day care facility serving 12 or fewer persons, or a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445, serving 14 or fewer children. Care facilities located within the R District shall be subject to the same zoning regulations as single-family dwellings in the R District, except that one nonresident employee shall be permitted in accordance with State requirements.~~
- Section 3 Subsection 518.03, Subdivision 3 of the Richfield City Code relating to allowable permitted uses in the Low-Density Single-Family Residential (R-1) District is amended to read as follows:
- Subd. 3.** ~~State-licensed day care facility serving 12 or fewer persons, or a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445, serving 14 or fewer children. Care facilities located within the R-1 District shall be subject to the same zoning regulations as single-family dwellings in the R-1 District, except that one nonresident employee shall be permitted in accordance with State requirements.~~
- Section 4 Subsection 522.03, Subdivision 4 of the Richfield City Code relating to allowable permitted uses in the Two-Family Residential (MR-1) District is amended to read as follows:
- Subd. 4.** ~~State-licensed day care facility serving 12 or fewer persons, or a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445, serving 14 or fewer children. Care facilities located within the MR-1 District shall be subject to the same zoning regulations as two-family dwellings in the MR-1 District, except that one~~

nonresident employee shall be permitted in accordance with State requirements.

Section 5 Subsection 525.03, Subdivision 3 of the Richfield City Code relating to allowable permitted uses in the Multi-Family Residential (MR-2) District is amended to read as follows:

Subd. 3. State-licensed day care facility serving ~~12 or fewer persons, or a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445, serving 14 or fewer children.~~ Care facilities located within the MR-2 District shall be subject to the same zoning regulations as multifamily dwellings in the MR-2 District, except that one nonresident employee shall be permitted in accordance with State requirements.

Section 6 Subsection 527.03, Subdivision 3 of the Richfield City Code relating to allowable permitted uses in the High-Density Residential (MR-3) District is amended to read as follows:

Subd. 3. State-licensed day care facility serving ~~12 or fewer persons, or a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445, serving 14 or fewer children.~~ Care facilities located within the MR-3 District shall be subject to the same zoning regulations as multifamily dwellings in the MR-3 District, except that one nonresident employee shall be permitted in accordance with State requirements.

Section 7 This Ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

Passed by the City Council of the City of Richfield, Minnesota this ____ day of _____, 2016.

Debbie Goettel, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk

RESOLUTION NO. _____

**RESOLUTION APPROVING SUMMARY PUBLICATION OF AN ORDINANCE
AMENDING DAY CARE REGULATIONS
IN ALL RESIDENTIAL DISTRICTS**

WHEREAS, the City has adopted the above referenced amendment of the Richfield City Code; and

WHEREAS, the verbatim text of the amendment is cumbersome, and the expense of publication of the complete text is not justified.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Richfield that the following summary is hereby approved for official publication:

**SUMMARY PUBLICATION
BILL NO. _____**

**AN ORDINANCE AMENDING
DAY CARE REGULATIONS IN
ALL RESIDENTIAL DISTRICTS**

This summary of the ordinance is published pursuant to Section 3.12 of the Richfield City Charter.

This ordinance revises rules related the day care facilities in residential districts. State Law requires that cities allow certain types of day care facilities in residential districts. Current City regulations conflict with certain provisions of these State requirements. The approved ordinance will correct capacity thresholds and allow an additional caregiver to work at a residential day care when required by State Law.

Copies of the ordinance are available for public inspection in the City Clerk's office during normal business hours or upon request by calling the Department of Community Development at (612) 861-9760.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of February, 2016.

Debbie Goettel, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk



STAFF REPORT NO. 30
CITY COUNCIL MEETING
2/23/2016

REPORT PREPARED BY: John Stark, Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
2/17/2016

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich
2/17/2016

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of the second reading of an ordinance authorizing the conveyance of property owned by the City of Richfield to the Richfield Housing and Redevelopment Authority.

EXECUTIVE SUMMARY:

One of the primary purposes of a City's Housing and Redevelopment Authority (HRA) is to purchase and sell properties for redevelopment purposes. State statutes have established a more streamlined process for HRAs to act in this capacity.

For these reasons, and based on the advice of HRA Legal Counsel, the City had conveyed 36 properties it owned for redevelopment to the Richfield HRA in December 2015.

At that time, however, two properties were inadvertently omitted. They are a 30 foot strip of easement at the former City garage site and 6315 16th Avenue South, located in the Cedar Corridor. Staff is recommending the conveyance of these properties to the HRA.

The conveyance of the properties would result in a one-time expenditure (in the book value of the properties) to City accounts and commensurate revenue to HRA accounts. This transaction would be reflected in the 2016 financial reports for both the City and HRA.

RECOMMENDED ACTION:

By motion: Approve the second reading of an ordinance authorizing the conveyance of property owned by the City of Richfield to the Richfield Housing and Redevelopment Authority.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Staff provided City Council members with a memo (Council Memorandum No. 28) on April 23, 2015 in which this action was recommended.
- At its worksession on April 28, 2015, City Council members discussed this topic and directed staff to draft an ordinance for formal consideration.
- A First Reading of this Ordinance was held by the City Council at its February 9 meeting.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

State statutes prescribe a process allowing a City's Housing and Redevelopment Authority (HRA) to purchase and sell properties for redevelopment purposes.

C. CRITICAL TIMING ISSUES:

A First Reading of this Ordinance was held by the City Council at its February 9 meeting.

D. FINANCIAL IMPACT:

The conveyance of the properties would result in a one-time expenditure (in the book value of the properties) to City accounts and commensurate revenue to HRA accounts. This transaction would be reflected in the 2016 financial reports for both the City and HRA.

E. LEGAL CONSIDERATION:

The Ordinance was drafted by Julie Eddington, HRA legal counsel.

ALTERNATIVE RECOMMENDATION(S):

- Delay consideration of this Ordinance in order to obtain further information about the impacts or benefits of transferring the properties to the HRA.
- Deny approval of this Ordinance and allow the subject properties to remain under the ownership of the City.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None.

ATTACHMENTS:

Description		Type
<input type="checkbox"/>	Ordinance	Ordinance
<input type="checkbox"/>	Attorney Opinion re: Ownership Benefits	Backup Material

ORDINANCE NO. ____

AN ORDINANCE AUTHORIZING THE CONVEYANCE OF
PROPERTY OWNED BY THE CITY

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1. Background; findings; authority.

- 1.01. The City of Richfield, Minnesota (the “City”) is governed by a home rule charter adopted pursuant to the Constitution of the State of Minnesota and Minnesota Statutes, Chapter 410.
- 1.02. The City is the owner of two parcels of real property located in the City, as described in the attached Exhibit A (the “City Property”) and legally described as shown therein.
- 1.03. It has been proposed that the City convey the City Property to the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (“HRA”) for the purpose of future redevelopment. Pursuant to Section 13.04 of the City’s Charter, no real property of the City shall be disposed of except by ordinance.
- 1.04. Pursuant to Minnesota Statutes, Chapter 462.356, it has been determined that the proposed disposal of property has no relationship to the comprehensive plan.
- 1.05. The Council finds and determines that it is in the best interests of the City to convey the City Property to the HRA for the purpose of redevelopment.

Section. 2 Adoption; effective date; filing.

- 2.01. The conveyance of the City Property to the HRA is approved. The Mayor and the City Manager are authorized and directed to convey the City Property to the HRA and take all steps necessary to effect such conveyance.
- 2.02. This Ordinance shall take effect after the thirtieth (30th) day, exclusive of day of publication.

Passed by the City Council of the City of Richfield, Minnesota this ____ day of _____,
2016.

Debbie Goettel, Mayor

ATTEST:

Beth VanHoose, City Clerk

EXHIBIT A

City of Richfield properties to be conveyed to Richfield HRA

Parcel 1

Lot 3, Block 1, “Iverson’s Second Addition”, Hennepin County, Minnesota

Parcel 2

The West 30 feet of Lot 1, Block 4, “R.C. Soens Addition”, Hennepin County, Minnesota

Kennedy

&

Graven

CHARTERED

470 US Bank Plaza
200 South Sixth Street
Minneapolis MN 55402

(612) 337-9300 telephone
(612) 337-9310 fax
<http://www.kennedy-graven.com>

MEMORANDUM

TO: John Stark
Community Development Director
City of Richfield

FROM: Julie Eddington

DATE: April 22, 2015

RE: HRA Holding Property for Future Redevelopment

BACKGROUND

The City of Richfield (the “City”) is considering conveying property it currently holds for redevelopment to its Housing and Redevelopment Authority (the “HRA”) to take advantage of the redevelopment abilities the HRA has under Minnesota law. You’ve asked for a brief summary of the HRA’s redevelopment powers, which may provide a benefit to both the City and HRA if the properties designated for future redevelopment are transferred from City ownership to HRA ownership.

HRA’S REDEVELOPMENT POWERS

HRA has the broad powers to create and operate “redevelopment projects” pursuant to Minn. Stat. Sections 469.001 to 469.047 (the “HRA Act”). A redevelopment project can be any work or undertaking to acquire property in order to remove, prevent or reduce blight or blighting factors; construct utilities and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; or sell or lease land for uses in accordance with a redevelopment plan.

To redevelop properties within the City, in addition to the general powers of redevelopment set out above, the HRA has the power to, among other things:

- a. To undertake, prepare, carry out and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or any part thereof.
- b. To give, sell, transfer, convey or otherwise dispose of real or personal property or any

- interest therein, and to execute leases, deeds, conveyances, negotiable instruments, purchase agreement and other contracts or instruments.
- c. To carry out studies of the housing and redevelopment needs within the City and of the meeting those needs.
 - d. To lease or rent land and buildings.
 - e. To own, hold and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge or dispose of any real or personal property.
 - f. Establish and operate a commercial rehabilitation loan program.
 - g. To make loans to a business, a for-profit or nonprofit organization, or an individual for any purpose that an HRA is otherwise authorized to carry out under the HRA Act.

In addition to the powers described above, HRAs may establish tax increment financing districts (with City Council approval). Tax increment may be used to finance or otherwise pay “public redevelopment costs” pursuant to the HRA Act, including public infrastructure, land acquisition, site improvements, demolition, correction of soil conditions, and administrative expenses of the HRA.

Please contact me at your convenience with any questions regarding the foregoing.

KENNEDY & GRAVEN, CHARTERED

Julie Eddington



STAFF REPORT NO. 31
CITY COUNCIL MEETING
2/23/2016

REPORT PREPARED BY: Julie Urban/Kate Aitchison, Housing Specialists

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
2/17/2016

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich
2/18/2016

ITEM FOR COUNCIL CONSIDERATION:

Public hearing and consideration of a resolution specifying the use of funds from the Community Development Block Grant allocation for 2016 and authorizing execution of a Subrecipient Agreement with Hennepin County and any required third party agreements.

EXECUTIVE SUMMARY:

Hennepin County (County) is annually awarded federal Community Development Block Grant (CDBG) funding on a formula basis from the Department of Housing and Urban Development (HUD). The County in turn, allocates a portion of these funds to the City of Richfield to address local needs relating to affordable housing, community development, and public services. A minimum of 70% of the funds are required to be used for activities benefiting very low and low-income persons; and a maximum of 15% can be used to fund public services.

Staff is proposing to use the City's 2016 allocation of \$241,584 (estimated) as follows:

Single Family Scattered Site New Construction \$115,000

Single Family Acquisition & Rehabilitation \$80,000

Deferred Loan Rehabilitation Program \$18,084

Public Services:

Household Outside Maintenance for the Elderly \$20,000

HOME Line Tenant Hotline \$4,000

Community Action Partnership for Suburban Hennepin \$4,500

RECOMMENDED ACTION:

Conduct and close the public hearing and by motion: Approve a resolution authorizing the use of funds for the 2016 Urban Hennepin County Community Development Block Grant Program and authorizing execution of a Subrecipient Agreement with Hennepin County and any required third party agreements.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- \$115,000 is proposed to be allocated to the Housing and Redevelopment Authority's (HRA) New Home Program to purchase and remove a substandard property. The vacant

lot would be sold to a non-profit developer to construct a new home on the property. The house would then be sold to a household earning less than 80 percent of the area median income.

- \$80,000 is proposed to be allocated to the HRA to purchase and rehabilitate a home. The rehabbed property would be sold to a household earning 80 percent of the area median income or less (\$65,800 for a family of four). The funds will cover the gap between the cost of the property and rehabilitation work and the final sale price.
- \$18,084 is proposed to be allocated to the HRA for the Deferred Loan Program, which provides no-interest, 30-year loans up to \$30,000 to low-income homeowners to address health, safety, and property maintenance needs. This program has been in existence since 1984 and is administered for the City by Hennepin County. In Federal Fiscal Year 2014, 12 loans were completed and 12 loans were started. Loan repayments and reprogramming of 2015 funds will provide additional resources to this program in 2016 to help it serve households currently on the waiting list.
- \$28,500 is proposed to be distributed to public service agencies. Applications were sent to eligible agencies in January. Based on a review of the applications, funds are proposed to be allocated as follows:
 - \$20,000 to Household Outside Maintenance for Elderly (HOME), which provides household maintenance and chore services for residents who are 60 years old or older or are disabled, with the goal of helping people stay in their homes. Clients are asked to pay for services based on a sliding fee scale. In 2015, HOME provided services to 58 households.
 - \$4,000 to HomeLine, which offers a Tenant Hotline that provides information and advice on tenant/landlord law and court procedures, maintenance/repair issues, management responsibilities, and tenant rights in the event of foreclosure. CDBG funds will be used to fund only these activities. In 2015, HomeLine's hotline provided services to 211 Richfield households. Homeline also conducts policy and advocacy work relating to affordable housing. City staff have had concerns with the adversarial tone of these activities in 2015. Staff has communicated these concerns to Homeline and asked for a more collaborative approach in the future. CDBG funds are only used for HomeLine's hotline and do not fund policy and advocacy activities.
 - \$4,500 to Community Action Partnership for Suburban Hennepin (CAPSH), which provides foreclosure prevention counseling and loan assistance, first-time home buyer education and counseling, financial literacy and budget counseling, reverse mortgage counseling, and home repair and maintenance counseling and education. In 2015, CAPSH provided services to 23 Richfield households.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- All funded activities must meet one of three national objectives: benefiting low and moderate-income persons, preventing or eliminating slums and/or blight, or meet an urgent need. In addition, activities must be consistent with priorities identified in the County's Consolidated Plan. Those priorities include a variety of housing activities such as housing rehabilitation, public services to maintain or increase self-sufficiency, and neighborhood revitalization activities.
- CDBG guidelines require that at least 70 percent (\$169,109) must be used for activities benefiting very low and low income persons.
- Under the CDBG funding guidelines, no more than 15 percent (\$36,238) of the allocation can be spent on Public Services.

C. CRITICAL TIMING ISSUES:

- The application for 2016 funds is due to Hennepin County by February 26, 2016.
- The 2016 Federal Fiscal Year will begin on July 1, 2016. Funds must be spent by June 30, 2017.

D. FINANCIAL IMPACT:

- The City's estimated allocation for 2016 is \$241,584.
- In the event of a change in the final allocation, the amount of funds allocated to each activity will be increased or decreased accordingly, within the limits allowed by CDBG guidelines.

E. LEGAL CONSIDERATION:

A local public hearing must be held prior to submission of the 2016 application. Notice of the public hearing was published on February 11, 2016, in the Sun Current.

ALTERNATIVE RECOMMENDATION(S):

Modify the amount of funds allocated to each project in a way that still meets funding guidelines.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives from HOME, HOME Line, and CAPSH may attend.

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter

RESOLUTION NO.

RESOLUTION APPROVING PROPOSED USE 2016 URBAN HENNEPIN COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FUNDS AND AUTHORIZING EXECUTION OF SUBRECIPIENT AGREEMENT WITH HENNEPIN COUNTY AND ANY REQUIRED THIRD PARTY AGREEMENTS

WHEREAS, the City of Richfield, Minnesota, through execution of a Joint Cooperation Agreement with Hennepin County, is participating in the Urban Hennepin County Community Development Block Grant (CDBG) Program; and

WHEREAS, the City of Richfield has developed a proposal for the use of 2016 CDBG funds made available to it; and

WHEREAS, the City held a public hearing on February 23, 2016 to obtain the views of citizens on local and Urban Hennepin County housing and community development needs and priorities for the City's proposed use of \$241,584 from the 2016 Urban Hennepin County CDBG Program; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Richfield, Minnesota as follows:

1. Approves the following projects for funding from the 2016 Urban Hennepin County Community Development Block Grant Program and authorizes submittal of the proposal to Hennepin County.

Activity	Budget
1. Public Service	
a. H.O.M.E.	\$20,000
b. HOME Line	\$4,000
c. CAPSH	\$4,500
TOTAL	\$28,500
2. Single Family Scattered Site New Construction	\$115,000
3. Single Family Acquisition & Rehabilitation	\$80,000
4. HRA Deferred Loan Program	\$18,084
TOTAL CDBG ALLOCATION	\$241,584

2. That the Mayor and City Council hereby authorize and direct the execution of the Subrecipient Agreement with Hennepin County and any required Third Party Agreements on behalf of the City to implement the 2016 CDBG Program.
3. That should the final amount of FY 2016 CDBG available to the City be different from the preliminary amount provided to the City, the City Council hereby authorizes the City Manager to adjust project budget(s) to reflect an increase or decrease in funding.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of February, 2016.

Debbie Goettel, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk



STAFF REPORT NO. 32
CITY COUNCIL MEETING
2/23/2016

REPORT PREPARED BY: Steven L. Devich, City Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, City Manager
2/18/2016

OTHER DEPARTMENT REVIEW: William Fillmore, Liquor Operations Director

CITY MANAGER REVIEW: Steven L. Devich
2/18/2016

ITEM FOR COUNCIL CONSIDERATION:

Consideration of authorizing capital improvements to the municipal liquor store located at 6600 Cedar Avenue South.

EXECUTIVE SUMMARY:

At the January 26, 2016 City Council Meeting, the City Council deferred action on the renovation of the Cedar Avenue liquor store and asked staff to investigate the possibility of acquiring the building and lot immediately to the west of the liquor store (Lakeside Counseling site) with the idea of either using that existing building for the store or demolishing both the liquor store and the adjacent building to allow for the construction of a new larger Cedar Avenue store. Staff was then to compare the feasibility of such a course of action in comparison to putting funding into renovating the existing liquor store.

New Store Analysis

Staff estimates that the acquisition of the adjacent lot and building would be in the range of \$800,000 to \$1,000,000. The building also has a limited number of current tenants which might leave the City in a position of either delaying action or buying out the lease of such tenants. Both the configuration of the building on that lot and the elevation differential (3' to 5' grade change) between the current liquor store lot and the lot to the west, would require the demolition of both buildings and significant elevation grading to prepare the combined lots for a new store and parking lot. Raising the elevation of the Lakeside Counseling site may not be possible as it would have a profoundly negative impact on drainage to all adjacent properties and would then be higher than 66th street – causing other elevation issues.

The demolition of the two story building would likely cost approximately \$75,000-\$100,000 and the cost to demolish the current liquor store would be approximately \$75,000. There is also a very real risk of soil correction costs on the new lot because of its proximity to our liquor store lot, which previously was the long time site of a gas station. In addition, new setback and zoning regulations and storm water requirements would also have to be considered and could add additional costs.

The construction of a new store, similar in size to the existing Cedar Avenue liquor store could cost approximately \$2.5 million including interiors and equipment.

Undertaking this option would require borrowing approximately \$3 million in addition to using all of the cash reserves of the Liquor Fund.

Current Store Renovation

The renovation of the current store would include a major overhaul of the entire building (see specifics in "Historical Context") with a focus on making the store a state of the art off sale liquor establishment. While the building itself would not be enlarged, the reconfiguration of the interior of the store would provide for a 34% increase in cooler space. This would allow ample space to display and stock all of the craft beers and products of the large scale breweries in a new and attractive display similar to that of the newly remodeled 65th & Lyndale store. It would also provide an additional 23% product shelving for wines and spirits. In addition, there would be an attractive tasting area similar to that of the 65th & Lyndale store.

Another aspect of the renovation would be improvement and enlargement of the parking lot. To that end, staff is looking to the east of the current parking lot at the vacant remnant of land left over from the removal of old Cedar Avenue, which is owned by MnDOT. Staff is confident property for additional parking could be secured from MnDOT through either right-of-way vacation or lease agreement. The exact configuration of the parking lot and the total number of stalls increased would be contingent on the amount of property obtained.

Consideration has been given to future expansion of the current store if such a need arose. It is entirely feasible to expand the store to the east. While this would be costly, it is much less expensive than constructing a new store. However, at this time, staff believes that the store size and configuration of the renovated facility will meet the needs of our customers for well into the future and be a very cost effective store to operate. Finally, the renovation project could be done for approximately \$875,000. This project could be paid for with Liquor funds in 2016.

RECOMMENDED ACTION:

By Motion: Authorize a capital improvement and direct staff to proceed with the remodeling and upgrade of the Municipal liquor store located at 6600 Cedar Avenue.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

At the August 24, 2015 City Council/Staff budget review, the City Manager indicated the need to upgrade the municipal liquor store at 6600 Cedar Avenue South. This liquor store has not seen any significant renovation since it was built in the late 1980s. For the past 12 to 15 years, the Cedar Avenue store has been the leading store in terms of sales. However, the store is starting to look dated and is in need of upgrade and repairs. Liquor staff and the City's Building Operations Manager have identified several areas in need of replacement or upgrading at the Cedar Avenue location:

- Roof Replacement
- Concrete Sidewalk Replacement
- Bituminous Mill and Overlay for Parking Area
- Pneumatic Entry/Exit Door Replacement
- Product Refrigeration Equipment (Compressor, Fans, Doors, Product Shelving)
- Numerous interior appointments (ceiling, flooring, HVAC vents)
- Restroom and office relocation
- Sales floor Product Shelving
- Wall Graphics and Isle Product Identification Signage
- Exterior Signage
- Point of Sale Counters
- Exterior Canopy replacement over entry way

In addition to the work needed on the store facility, other significant reasons to enhance this store relate to the recent added competition of Total Wine and Spirits to the Twin Cities area and the new redevelopment in the Cedar Point area that is scheduled to begin in 2016. Having a refurbished store ready by the summer of 2016 would be a strategic move to help Richfield maintain its retail sales market.

At the January 26th City Council Meeting, staff's recommendation to remodel the Cedar Store was before the City Council. The City Council directed staff to go back and examine the feasibility of purchasing the adjacent property to the west in an effort to build a larger store on the combined site and

bring the matter back for Council consideration.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

The greater policy issues here are two fold. First, there is a matter of balancing the need and opportunity of the Cedar Avenue store with that of the needs and opportunities of the other three stores, particularly the Penn Avenue and 77th & Lyndale stores. All three locations need some level of attention that will require significant funding.

Second, as a matter of policy, the liquor stores have never borrowed money to reinvest into the capital assets of the operation. Instead, the operations have reserved cash to pay for improvements as they are planned for or needed. A purchase of the building and lot adjacent to the Cedar Store and a complete teardown and rebuild would far exceed the cash available and would require some borrowing of funds in excess of \$3 million for the project.

C. CRITICAL TIMING ISSUES:

A decision to proceed with some upgrade of the Cedar Avenue Liquor Store is needed as soon as possible. The sooner that the project is out for bids the better the chances of getting good contractors to bid on the project and to obtain the best pricing.

There are some mechanical issues at the store that need to be addressed immediately.

Moreover, it is very critical to begin work on the Cedar Avenue store as quickly as possible so that it can re-open prior to the Memorial Day weekend. To delay the re-opening beyond that time would be very costly to the stores in terms of lost sales and potentially, customers. Waiting longer to make this decision would require the the Liquor Store to be closed during a peak business period which would be very costly to the operation.

D. FINANCIAL IMPACT:

The Liquor Operation Fund at December 31, 2015 has \$500,000 of cash set aside for capital improvements within the operation. In addition, the operation will reduce the 2016 Special Revenue transfer by approximately \$350,500 and utilize roughly \$25,000 of liquor operating cash in order to achieve the \$875,000 needed for the Cedar location store renovation. The reduction in Special Revenue funds will be offset by utilizing Local Government Aid set aside funds.

It would then be necessary to start setting aside cash in the Liquor fund to address the needs of the Penn Avenue and 77th & Lyndale stores. The store at 77th and Lyndale requires a new floor, new roof and a new roof top HVAC unit. These repairs will likely cost approximately \$175,000.

The Penn Avenue store is in need of updating or an entire relocation. The cost of these improvements are significant. Even if the store was to be cosmetically updated, the costs would likely be in excess of \$150,000.

Funds are not available in the Liquor Fund to make repairs/improvements to these two stores at this time.

E. LEGAL CONSIDERATION:

Any construction authorized by the City Council for this project would be in conformance with the City Charter and State Statutes regarding public bidding.

ALTERNATIVE RECOMMENDATION(S):

The City Council could decide not to make any improvements to the Cedar Avenue Liquor Store.

The City Council could decide to delay a decision on this matter.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Mike Klass, Architect, will make a presentation of the store upgrades.